



California Department of Veterans Affairs

VETERANS NEWS

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NEWS FROM THE INTERNAL REVENUE SERVICE

Veterans Also Benefit From Economic Stimulus Payments From the IRS

Economic stimulus payments being issued by the federal government will also benefit some veterans, informs the Internal Revenue Service. In most cases, veterans will not have to do anything extra; simply file a 2007 tax return and wait for their payment. Electronic transfers are the fastest way to receive payments, which begin arriving in May.

"Many veterans who receive benefits from Veterans Affairs are not required to file a tax return. But they need to this year to get the stimulus payment," said California Department of Veterans Affairs' Secretary Tom Johnson. "Also, I hope California's veterans take advantage of direct deposit so they can be among the first to receive their economic stimulus payment."

The IRS will use information on the 2007 tax return filed by the taxpayer to determine eligibility and calculate the amount of the stimulus payments. In most cases, the payment will equal the amount of tax liability on the tax return, with a maximum amount of \$600 for individuals (\$1,200 for taxpayers who file a joint return).

The law also allows for payments for select taxpayers who have no tax liability, such as low-income workers or those who receive Social Security benefits or veterans' disability compensation, pension or survivors' benefits received from the U.S. Department of Veterans Affairs in 2007. These taxpayers will be eligible to receive a payment of \$300 (\$600 on a joint return) if they had at least \$3,000 of qualifying income.

Qualifying income includes Social Security benefits, certain Railroad Retirement benefits, certain veterans' benefits and earned income, such as income from wages, salaries, tips and self-employment. While these people may not be normally required to file a tax return because they do not meet the filing requirement, the IRS emphasizes they must file a 2007 return in order to receive a payment.

Recipients of Social Security, certain Railroad Retirement and certain veterans' benefits

should report their 2007 benefits on Line 14a of Form 1040A or Line 20a of Form 1040. Taxpayers who already have filed but failed to report these benefits can file an amended return by using Form 1040X. The IRS is working with the Social Security Administration and U.S. Department of Veterans Affairs to ensure that recipients are aware of this issue.

Additional information is available on the Internal Revenue Service's website at <http://www.irs.gov/irs/article/0,,id=177937,00.html#Vets>

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